

# ***NEWS RELEASE***

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***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

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***For Immediate Release***

**NEWS RELEASE SUMMARY** - March 22, 2007

United States Attorney Karen P. Hewitt announced today that Las Vegas resident Michael Galardi was sentenced in U.S. District Court in San Diego by the Honorable Jeffrey T. Miller to serve 15 months in federal prison for his role in a corruption scheme involving former City Councilmen Ralph Inzunza, Michael Zucchet and the late Charles Lewis. Judge Miller also ordered that Galardi serve a three-year term of supervised release following his release from prison and pay a \$30,000 fine.

According to court documents, Galardi, the former owner of Cheetahs, an adult entertainment club in San Diego, was charged as a co-defendant with the three former City Councilmen in a wire fraud conspiracy whose object was to deprive the citizens of San Diego of their right to honest services. In September 2003, Galardi pled guilty to the conspiracy, which carried a maximum term of incarceration of five years, and agreed to cooperate with the Government against his co-defendants.

At the trial of co-defendants Inzunza, Zucchet, and former Clark County, Nevada Commissioner Lance Malone, Galardi admitted that he funneled cash and checks totaling more than \$40,000, through Malone, to the San Diego politicians, in order to corruptly influence them in the performance of their official duties. Specifically, Galardi testified that he paid the politicians in order to buy their vote to repeal a strict “no touch” provision which regulated his strip club in San Diego. Galardi also testified that he paid an additional \$40,000 to a San Diego police officer who, unknown to Galardi, was posing as a corrupt vice cop, to satisfy the Councilmen’s desire for police “cover” for their political actions.

On July 18, 2005, Inzunza, Zucchet and Malone were convicted by a jury of conspiracy to commit wire fraud and several substantive counts of wire fraud depriving the citizens of San Diego of their right to honest services. They were also found guilty of extortion under color of official right regarding Inzunza’s demands for money from Malone and Galardi for the benefit of Zucchet. Both Inzunza and Zucchet resigned within days of the jury’s verdicts. Despite the jury’s verdict, Judge Miller granted Zucchet an acquittal on several wire fraud counts and a new trial on the conspiracy charge and one wire fraud count. The Government is appealing that ruling. On November 10, 2005, Judge Miller sentenced Inzunza to serve 21 months’ imprisonment, and Malone to serve 36 months’ imprisonment based on their convictions. Inzunza is free pending his own appeal. Malone, who pled guilty to similar charges in Las Vegas, is due to surrender in April to begin serving a six-year sentence he received for the Las Vegas conviction, to run concurrently with the sentence imposed in the San Diego conviction.

Galardi was recently sentenced to serve 30 months’ in prison for his role in a similar corruption scheme in Las Vegas, which also involved Malone. The sentence imposed today by Judge Miller will run concurrently to the sentence imposed in Las Vegas.

United States Attorney Hewitt commended the Federal Bureau of Investigation and the San Diego Police Department for their work in investigating this case. United States Attorney Hewitt said, “The Department of Justice remains fully committed to investigating and prosecuting public corruption in all levels of Government. This sentence of imprisonment reflects both the seriousness of this offense as well as the

cooperation of defendants who admit their guilt and assist in the prosecution of others involved in criminal activity. The public trust is not for sale.”

Dan Dzwilewski, Special Agent in Charge, San Diego Division of the Federal Bureau of Investigation, stated, “Corruption, at any level, is an acid eating away at our public institutions as well as the trust of all citizens. Mr. Galardi's sentence reflects his culpability, and his ultimate acceptance of responsibility, in a sad chapter in our community's history. In the end, it does reaffirm the principle that we are a government of laws, not men. The FBI will continue to combat public corruption at all levels of government.”

**DEFENDANT**

**CASE NUMBER: 03CR2434-JM**

MICHAEL GALARDI

**SUMMARY OF CHARGES**

Conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371.  
The charge of conspiracy to commit wire fraud carries a maximum penalty of 5 years’ imprisonment and a \$250,000 fine.

**AGENCIES**

Federal Bureau of Investigation  
San Diego Police Department, Criminal Intelligence Unit